

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE CASH MARKETS (2/12):****BUTTER:** Grade AA closed at \$1.2825 (N.C.).**CHEESE:** Barrels closed at \$1.3100 and blocks at \$1.3300. The weekly average for barrels is \$1.3030 (+.0520) and blocks, \$1.3260 (+.0340).**NONFAT DRY MILK:** Extra Grade closed at \$1.0375 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0385 (-.0015) and Grade A is \$1.0500 (N.C.).**CHICAGO MERCANTILE EXCHANGE BUTTER MARKET (CME):**

Starting on Monday, March 8, 1999, at 11:05 a.m. CST, the Chicago Mercantile Exchange will begin three-day-a-week (M, W, F) trading in Spot Call Butter.

BUTTER: The market tone remains weak. Churning activity is heavy in most sections of the country. Producers are reluctant to take on too much extra cream until they feel that butter prices have "hit bottom." Butter stocks currently in CME approved warehouses (able to be offered for sale at the CME) total 42.2 million lbs. and are the heaviest since August 1997. Butter sales range from slow to fair. As prices approach what buyers feel may be the low point in this particular price cycle, there is a little more interest in storing bulk for summer and/or fall needs.**CHEESE:** The cheese market is steady to firm. Cheese prices continue to rebound from the late January low cash prices at the Chicago Mercantile Exchange. Buying interest is steady to generally improved, but some traders wonder how long demand will continue at current levels. Cheddar aging programs continue to absorb good volumes of current production. Cheese production remains seasonally heavy and well above year ago levels. Cumulative U.S. 1998 estimated cheddar cheese output is 2.631 billion lbs., down 9 million lbs. (0.3%) from 1997. Mozzarella output in 1998 totals 2.360 billion lbs., up 116 million lbs. (5.2%) from last year; and total cheese production was estimated at 7.483 billion lbs., an increase of 154 million lbs. (2.1%).**FLUID MILK:** Milk volumes remain near flush levels with some handlers concerned over what may lie ahead when the actual spring flush arrives. High milk prices, inexpensive feed, and mild winter weather account for ample milk supplies. Class I demand is slow to fair and somewhat improved over last week. Class II demand is seasonally light to moderate. The condensed skim market is steady with prices unchanged to instances higher. Cream offerings remain heavy and difficult to place. Pricing multiples are also lower which is attracting a few ice cream producers. Ice cream production remains seasonally slow.**DRY PRODUCTS:** The market tone for all dry products is unchanged at weak levels. Prices are generally unchanged to lower. The market tone for NDM remains weak with mixed prices. Excessive milk supplies continue to

to increase NDM production. More firms are now offering powder to the price support program. Drying schedules continue near capacity. The buttermilk market is weak and prices are lower. Some producers are storing rather than clearing product at current price levels. Sharp discounts attract minimal buyer interest. The dry whey market is mostly steady with some signs of weakness. Prices are unchanged. Sales activity has improved especially on the West Coast for export. Production and producer stocks remain heavy.

CCC: During the week of February 8-12, 1999, CCC was offered 2,218,651 lbs. of Western produced NDM under the Dairy Support Program. (Correction: CCC offerings for the week of February 1-5 were reported at 1,928,577 lbs. in the February 5 issue and should have been 1,199,702 lbs.)**JANUARY AGRICULTURAL PRICES HIGHLIGHTS(NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 1999 advanced 1 point to 114. Compared with January 1998, the index was down 3 points (2.6%). The index of prices received by farmers for dairy products declined 2 points during the month of January 1999 to 136. Compared with January 1998, the index was up 23 points (20.4%). On a 3.5% butterfat basis, prices received by farmers in January with changes from December were: for All Milk, \$17.33, down 30 cents; for Fluid Grade Milk, \$17.43, down 20 cents; and for Manufacturing Grade Milk, \$15.55, down \$1.24.**DECEMBER 1998 DAIRY PRODUCTS HIGHLIGHTS(NASS):**

Butter production was 101.7 million lbs. in December, 4.1% below December 1997 but 16.6% above November 1998. American type cheese production totaled 297.6 million lbs., 6.8% above December 1997 and 10.4% above November 1998. Total cheese output (excluding cottage cheese) was 667.6 million lbs., 6.3% above December 1997 and 5.2% above November 1998. Nonfat milk production, for human food, totaled 104.7 million lbs., 2.6% above December 1997 and 49.5% above November 1998. Dry whey production, for human food, was 93.1 million lbs., 2.5% below December 1997 but 10.0% above November 1998.

MAILBOX PRICES (DAIRY PROGRAMS): In November 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.47, \$.28 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.97, up \$.09; Southeast, \$17.90, up \$.23; Midwest, \$17.90, up \$.39 and West, \$16.66 up \$.06. Compared to November 1997, mailbox milk prices, on average, increased \$2.96 per cwt.

*****SPECIALS THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY FEB 8	TUESDAY FEB 9	WEDNESDAY FEB 10	THURSDAY FEB 11	FRIDAY FEB 12	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.2825 (+.0025)	\$1.2875 (+.0050)	\$1.2925 (+.0050)	\$1.3425 (+.0500)	\$1.3100 (-.0325)	+.0300	\$1.3030 (+.0520)
40# BLOCKS	\$1.3200 (+.0050)	\$1.3250 (+.0050)	\$1.3250 (N.C.)	\$1.3300 (+.0050)	\$1.3300 (N.C.)	+.0150	\$1.3260 (+.0340)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0400 (N.C.)	\$1.0400 (N.C.)	\$1.0375 (-.0025)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	-.0025	\$1.0385 (-.0015)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA					\$1.2825 (N.C.)	N.C.	-----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - February 8 - 12, 1999

MONDAY, FEBRUARY 8, 1999

CHEESE -- SALES: 5 CARS 40# BLOCKS: 2 @ \$1.3150, 1 @ \$1.3500, 1 @ \$1.3300, 1 @ \$1.3250; BIDS UNFILLED: 1 CAR BARRELS @ \$1.2825; OFFERS UNCOVERED: 9 CARS 40# BLOCKS: 1 @ \$1.3200, 1 @ \$1.3200, 1 @ \$1.3300, 5 @ \$1.3500, 1 @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, FEBRUARY 9, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.3300; BIDS UNFILLED: 3 CAR BARRELS: 1 @ \$1.2875, 2 @ \$1.2825; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.3250, 1 @ \$1.3400, 1 @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS EXTRA GRADE @ \$1.0400

WEDNESDAY, FEBRUARY 10, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.3250; BIDS UNFILLED: 3 CARS BARRELS @ \$1.2925; 2 CARS 40# BLOCKS: 1 @ \$1.3250, 1 @ \$1.3000; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.3300, 2 @ \$1.3500

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.0375

THURSDAY, FEBRUARY 11, 1999

CHEESE -- SALES: 7 CARS 40# BLOCKS: 2 @ \$1.3225, 1 @ \$1.3250, 4 @ \$1.3300; BIDS UNFILLED: 5 CARS BARRELS @ \$1.3425; 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3800

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, FEBRUARY 12, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.3100; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2500; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.3100, 5 @ \$1.3400, 1 CAR 40# BLOCKS @ \$1.4000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 9 CARS: 1 @ \$1.2525, 1 @ \$1.2625, 1 @ \$1.2600, 1 @ \$1.2725, 1 @ \$1.2825, 1 @ \$1.2700, 1 @ \$1.2800, 2 @ \$1.2825; BIDS UNFILLED: 25 CARS: 2 @ \$1.2825, 1 @ \$1.2625, 3 @ \$1.2600, 5 @ \$1.2575, 5 @ \$1.2550, 3 @ \$1.2500, 1 @ \$1.2475, 2 @ \$1.2450, 1 @ \$1.2400, 2 @ \$1.2300; OFFERS UNCOVERED: 5 CARS @ \$1.4000

BUTTER MARKETS

DECEMBER BUTTER PRODUCTION

During December, butter production in the United States totaled 101.7 million pounds, 4.1% lower than last December, but 16.5% heavier than November 1998. The following are production changes from December 1997 for various states: CA -9.7%, MN +24.3%, NY +9.2% OR +3.0%, PA -9.0%, and WI -10.4%.

NORTHEAST

Premium structures are unchanged. At the February 5 trading session of the CME, the butter closed 7 1/4 cents lower to \$1.2825. The butter market tone remains weak. Most contacts report increasing churning activity or heavier volumes of excess cream moving to out-of-area butter makers. Local butter makers report having all the cream they want or need. Pay prices for this excess cream are very low and often based on CME prices two weeks hence which is a sure sign that butter makers are betting that butter prices will be falling in the near future. Bulk and print stocks are accumulating at some locations. Demand for both bulk and print butter is slow to fair.

CENTRAL

The market tone is weak. Butter prices are declining which many in the butter trade anticipated. Most anticipate further weakness in the near future. Churning schedules are quite active with producers cautious to not build large inventories at current prices. Innovatively priced cream offerings continue to be available to Midwestern producers from out of region sources. Although many producers are

trying to maintain low stock levels, inventories are building. Buying interest is fair. Most orders that are being placed are for short term or immediate needs, although some producers are indicating a slight increase in buyer interest for upcoming Easter sales.

WEST

Butter price differentials narrowed fractionally this week. Print butter sales continue at good levels. Retail price declines are helping to stimulate some additional sales activity. Bulk orders range from good for those buyers that are storing butter for future needs to slower for those buyers that are expecting prices to continue to decline. Butter production is heavy currently. Cream offerings are often at burdensome levels. Butter churning operations are hesitant about taking on extra cream if the butter market continues to decline. Multiples are declining and the base price is often being pushed out a week or two into the future. It is definitely a cream buyers market at this time. Some contacts were surprised at the fact that 1998 butter production lagged 1997 by 8.5%. That it was lower was not unusual, but the size of the drop was surprising. Annual butter production has declined for six consecutive years.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
FEBRUARY 5, 1999 CLOSE = \$1.2825

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+2 TO +5	flat TO +3	-5 TO -2 1/2

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
FEBRUARY 06	1.3103 5,397,097	1.2488 8,564,878	1.0450 14,054,089	1.3363 1,916,973	0.1931 7,725,475

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

NORTHEAST

CHEESE MARKETS

WEST

Prices, for the first time in over four weeks, are up on natural cheddar and process items. The market tone is cautious. Many traders wonder if these price increases can sustain themselves at a time when milk supplies are so heavy and cheese production is also heavy. Buyers are still purchasing on an as-needed basis and have little difficulty finding desired volumes. Demand for cheese is off from mid-January levels, but holding up quite well. During December, American cheese output in the U.S. totaled 297.6 million pounds, up 6.8% from December 1997 and 10.4% more than November 1998. Total cheese output during December was 667.6 million pounds, 6.3% more than December 1997 and up 5.2% from November.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2900-1.7775
Cheddar Single Daisies	:	1.2625-1.7775
Cheddar 40# Block	:	1.4325-1.5775
Process 5# Loaf	:	1.4425-1.5925
Process 5# Sliced	:	1.4675-1.6925
Muenster	:	1.4700-1.7725
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is fully steady on cheddar, but irregular ranging from weak to steady on other than American varieties. Many traders expect demand to remain fairly good, at least in the short term, as lower prices (compared to late 1998) encourage buyers to rebuild inventory. Cheddar stocks used in planned aging programs are growing. Offerings are increasing on many varieties, particularly soft styles such as muenster. Swiss prices are trending lower, reflecting the lower cost of milk. Swiss supplies are also accumulating at more than a few plants due to slower sales. Process demand is mixed, best for food service accounts with promotional activity, though improvement is noted in retail interest. The concern for plant operators is how to handle the anticipated seasonal increase in milk volumes when intakes are already near plant capacity. Many cheese plant operators are discovering how unprofitable cheese production was in January when comparing cheese sales receipts to the price paid for patron milk. Cheese production remains seasonally heavy with yields steady to slightly lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4300-2.1000
Brick And/Or Muenster 5#	:	1.7600-2.0100
Cheddar 40# Block	:	1.5525-2.1150
Monterey Jack 10#	:	1.7425-2.1900
Blue 5#	:	1.8875-2.5400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6225-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	FEBRUARY 8 - 12, 1999
BARRELS*	:	\$1.2400 - 1.2600 (NOMINAL)
	:	(\$.0300) (.0300)
40# BLOCKS	:	\$1.2925 - 1.3225 (NOMINAL)
	:	(\$.0375) (.0225)

() Change from previous week. * If steel, barrel returned.

Natural and process cheese prices have rebounded a few cents based on the increases at the CME over the past two weeks. Swiss prices continue to move lower. Some operations are moving some milk around to maximize short run returns. Barrels continue to be in the tightest position due to excellent process cheese sales activity for this time of the first quarter. Current blocks are available for immediate needs and to replenish aging programs. Aged cheese is almost impossible to find at this time. Mozzarella demand is strong. Swiss demand is good for February and stocks are in good balance. December U.S. Swiss production totals 17.7 million pounds, down 4.8% from December 1997. American type output is 297.6 million pounds, up 6.8% from last year. Output for selected Western states compared to last year is as follows: California up 7.7%, Idaho up 12.4%, New Mexico down 20.9%, Utah up 40.5%, and Washington up 38.4%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4025-1.6600
Cheddar 40# Block	:	1.4125-1.5525
Cheddar 10# Cuts	:	1.6025-1.8125
Monterey Jack 10#	:	1.6225-1.7750
Grade A Swiss Cuts 6 - 9#	:	2.3300-2.4800

FOREIGN

After four weeks of price decreases, prices on most domestic styles increased. The market tone is still seasonally weak. Demand for most table cheeses is slow at best. Some importers have stocked up on some types of imported cheeses as they are concerned about a possible escalation/expansion of trade disputes stemming from the current banana trade situation. Other reports indicate that EU cheese export licenses for the July to December period of 1998 were only 33% of allowable GATT/WTO limit for the year ending June 30, 1999.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.6250-2.2350*
Gorgonzola	: 3.2400-5.9400	: 2.2800-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0350-3.0750*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6250-1.9150*
Romano (Cows Milk)	: -0-	: 2.8050-5.0400*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
02/08/99	12,895	: 111,339
02/01/99	9,830	: 112,216
CHANGE	3,065	: -877
% CHANGE	31	: -1

FLUID MILK AND CREAM

E A S T

Following the announcement of the January BFP, Eastern Milk Market Administrators announced changes to their class prices. The January BFP is \$16.27, down \$1.07 from December. In all Eastern orders, the March Class I & II prices will be \$1.07 lower than February. The January Class III prices are \$1.10 below December in orders 1, 2, and 4, and \$1.07 lower in order 36. The January Class III-A is \$13.15 in orders 1 & 2, \$13.17 in order 4, and \$13.12 in all other Eastern orders. The butterfat differential is \$0.137. Milk production is increasing throughout the region. Milk output in the Gulf Coast States seems to be increasing the fastest. Steadily growing milk production is common in the Middle Atlantic and New England regions. Contacts continue to report that milk volumes are at levels normally associated with the spring flush. High milk prices, mild winter weather, and inexpensive feed are helping keep the milk flow at current high levels. Some contacts speculate that milk prices will take a "big hit" in February and, if that is true, how will milk output will be affected. Bottled milk sales are slow in most areas of the region. However, Florida handlers report improved bottled milk sales. This improvement did help balance Florida's milk supply and handlers shipped only 6 loads out of state this week. This compares to nearly 60 loads last week. Fluid milk supplies are excessive and surplus volumes are very heavy. Southeastern plants are full and receipts at northern plants are also heavy. Increasing volumes of surplus milk are coming out of the South Central area with some moving all the way up into Michigan. The condensed skim market is unchanged, but prices are occasionally higher. With the higher Class II milk prices in effect in February, the formula prices for wet solids are up from last month. However, buyers are resisting most of the higher prices and, when possible, reverting back to using NDM. Class III condensed is often moving at prices under a dollar. The fluid cream market is little changed from last week. Spot prices are generally lower as the butter price at the CME did drop 7+ cents last week. Ice cream production is seasonally slow, but with fat prices dropping, some contacts think that ice cream makers may start to replenish freezer stocks. Churning activity is often heavy as there are ample volumes of excess cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4108 - 1.6673
Delivered Equivalent Atlanta	-	1.4108 - 1.6673 M 1.4877 - 1.6160
F.O.B. Producing Plants: Upper Midwest	-	1.6031 - 1.6673

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.2000 - 1.5800
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
FEBRUARY 5 - 11, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I milk interest is steady to occasionally improved. Weather related problems on Thursday (2/11) may be stimulating some late week retail interest in a few affected metro markets. A total of 5 loads of Wisconsin milk are "direct shipped" to Missouri and pooled under a Southern milk order. Cottage cheese and dip output are seasonally light to moderate and well below holiday levels. Surplus milk volumes remain seasonally heavy and reported prices remain low, mostly less than \$1.00 below class/MCP with only a very few small premiums

(\$.25 -.50 over) paid. Bids down in the \$10.00 area are being passed on by sellers at this time. A lot of discussion has been occurring between plant operators and handlers concerning the January BFP (\$16.27 @ 3.5% test) and what could occur with the projected lower February number. Fat and protein tests on incoming milk receipts are steady to slightly lower, reducing manufactured product yields slightly. Plant operating schedules remain well above year ago levels. Manufacturing capacity remains a major concern for plant operators, particularly approaching spring, the traditional peak period for milk production. Ice cream interest remains seasonal though a few operations have stepped up production slightly. Unseasonably warm weather has melted most of the snow and dented the size of the drifts and piles. The limited snow cover places alfalfa at increased risk of winterkill if severe cold weather returns. Tested hay sold at auctions during the week ending February 10 for good quality (RFV 125-150) sold for \$42.50 - 100.00 per ton and fair quality (RFV 100-125) went for \$30.00 - 65.00 per ton.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEBRUARY 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 38.00	\$ 34.00- 40.00
REPLACEMENT HEIFER CALVES	\$175.00-225.00	\$ 90.00-140.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEBRUARY 4 - 10	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 41.75	\$ 34.00- 40.00

W E S T

Milk production throughout most areas of the Southwest is strong. Milk producers and handlers are reporting near ideal weather conditions at this time. Some heavy rainfall has occurred this past week in California, but was short lived and did not cause adverse production conditions. Typically, February and March are the rainy season. Although the typical spring flush is still a few months off, some milk handlers are reporting milk receipts as heavy as in past spring flush periods. Many milk handlers are expecting an earlier than usual flush this year with its duration spread out over a longer period of time. This prediction is taking into account current conditions and an anticipated favorable spring, weather wise. All of this could change very quickly if weather becomes nasty. Milk volumes are heavy to the point that most manufacturing plants are nearly full. At this time, no milk is being declined due to lack of capacity, but milk handlers are concerned with what conditions will be like once the true spring flush arrives. Cream offerings remain heavy and, in many instances, are hard to place. Pricing multiples remain lower than usual, but still are not attracting sufficient buyers to keep cream moving smoothly. Cream sales out of the region have slowed this week with more cream available locally. Ice cream producers are only starting to absorb some of the available cream. The cash butter price is receiving mixed opinions. Some butter handlers anticipate a lower butter price in the near future and are holding off buying additional cream at this time. Continued heavy rains and snow are common over the Pacific Northwest. Rivers are full at this time and the soil is saturated. More concern is noted about spring flooding as the snow pack in the Cascades climbs to more than 200 inches. Milk production remains strong, feed prices are declining, and some better quality hay is showing up in the region. Sales barns are out recruiting dairymen to cull more cows from their herds to meet a short run, tight local beef supply. With the milk price declines expected, many are looking more favorably at this option. Scattered snow showers are again bringing snow to the valley floors in northern Utah and Idaho. Conditions are quite muddy for this early in the year and some higher somatic cell counts are noted. Milk production remains very strong. Continued concern is noted about the spring flush and how all the milk will be handled efficiently.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 02/11/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are mixed. Range prices are steady to higher while the mostly range reflects lower prices. Some producers are in better balance, supplywise, and adjusted their prices upward. Demand is still slow and buyers are price sensitive. Increasing volumes of Western NDM are clearing to CCC and Central buyers feel that local producer low heat prices should be commensurate with the CCC purchase price (\$1.01) plus freight. Production of human food, nonfat dry milk during December 1998 totaled 104.7 million pounds, up 2.6% from December 1997 and up 49.5% from November 1998. Month ending stocks, at 56.3 million pounds, are 45.6% below a year ago and 35.4 % more than last month.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0300 - 1.0900 MOSTLY: 1.0400 - 1.0500

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower and the market tone remains weak. Demand for dry buttermilk is very slow and producer stocks are building. Contacts wonder how far prices have to drop to stimulate interest. It has been a very long time (early 1991) since prices have been this low. Dry buttermilk production during December 1998 totaled 4.7 million pounds, up 3.8% from December 1997 and 25.2% higher than November 1998. Month ending stocks, at 4.0 million pounds, are 11.6% more than a year ago and 14.4% more than last month.

BUTTERMILK: .7400 - .7700

DRY WHEY - CENTRAL

Prices and the market tone are unchanged. Production levels are still quite heavy, but producers report being more comfortable with current inventories. Demand is steady and generally slow. Production of human food, dry whey during December 1998 totaled 93.1 million pounds, 2.5% less than December 1997 and 10.0% more than November 1998. Month ending stocks, at 44.6 million pounds, are 37.2% above a year ago and 32.4% higher than a month ago.

NONHYGROSCOPIC: .1800 - .1950 MOSTLY: .1800 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on all types of animal feed whey. The market tone is still weak, but a few scattered reports note that some improvement in hog prices has helped feed sales. During December, production of animal feed, dry whey totaled 6.8 million pounds, 23.1% more than last December and 6.5% more than November 1998. Month-ending stocks were 4.8 million pounds, 140.0% more than a year ago and 2.0% more than last month. Reduced lactose and minerals animal feed, dry whey production during December totaled 2.8 million pounds, 16.4% more than last year and 12.7% above November 1998.

MILK REPLACER: .1500 - .1700

STANDARD: TFEWR

ROLLER GROUND: .1925 - .2100

DE LACTOSE (Min. 20% protein): .3075 - .3375

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Producer stocks range from closely balanced to long. Spot demand is fair. Production levels range from moderate to heavy. Lactose production during December totaled 39.2 million pounds, up 15.1% from last year but 0.3% below November 1998. Month ending stocks, at 27.1 million pounds, are 29.3% higher than a year ago but 0.8% less than last month. Regional production during December, with changes from 1997 are: East North Central, 8.4 million pounds, +6.6%; West North Central, 13.9 million pounds, -7.1%, and West, 15.5 million pounds, +55.7%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1550 - .2050 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are mostly steady to fractionally lower. The market tone is weak. Contacts feel that prices may be reaching a plateau, but demand is still sluggish. Production levels are quite heavy as milk supplies seem to be at flush levels. Production of human food, WPC during December totaled 24.4 million pounds, up 16.3% from December 1997 and 13.4% above November 1998. Manufacturers' end-of-month stocks totaled 16.1 million pounds, 40.2% higher than December 1997 and 18.1% above November 1998.

EXTRA GRADE 34% PROTEIN: .4700 - .5150 MOSTLY: .4800 - .5050

NONFAT DRY MILK - WEST

The Western NDM market continues to show signs of weakness with more firms offering powder to the price support program. High heat prices are weaker and nominal with very light demand noted. For low and medium heat powder CCC offerings are serving to balance the very slow commercial demand and light DEIP sales activity. Western firms offered 1.2 million pounds of NDM to the government during the week of February 1-5. U.S. December production of NDM totals 104.7 million pounds, up 2.6% from last year. California output for December totals 49.3 million pounds, up 3.5% and Washington production was 11.5 million pounds, down 4.5% from last year.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0450 MOSTLY: 1.0100 - 1.0200

HIGH HEAT: 1.0300 - 1.0700

DRY BUTTERMILK - WEST

The Western buttermilk market remains very weak. Some producers are storing powder at this time rather than trying to find a price that will clear their stocks. Other firms have been able to clear substantial volumes of powder by sharply lowering their prices and they are now out of the market since their stocks are in good shape. Production remains very heavy with no call for condensed. December buttermilk powder production totals 4.7 million pounds, up 3.8% from last year.

BUTTERMILK: .7000 - .7700 MOSTLY: .7200 - .7300

DRY WHEY - WEST

Western whey prices continue to show some weakness, but sales are not slow enough that any seller has been forced to move the bottom of the market lower. In fact, many contacts are stating that sales activity, especially for exports, has improved with the lower prices. Stock levels are higher than desired, but not burdensome. Production is quite heavy for this season. U.S. human food whey production in December 1998 totaled 93.1 million pounds, down 2.5% from last year. Stocks at the beginning of the new year total 44.6 million pounds, up 37.2% from the previous year. Total dry whey production in 1998 reached 1.17 billion pounds, up 3.1% from 1997.

NONHYGROSCOPIC: .1900 - .2125 MOSTLY: .1900 - .2000

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended February 5, on powder sales of 9,236,211 pounds f.o.b. California manufacturing plants was \$1.0380 per pound. This compares to 10,081,949 pounds at \$1.0468 for the previous week ending January 29, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mixed and the market tone remains weak. Drying schedules are heavy at most plants and powder is readily available for immediate shipment. Demand is slow to fair and generally for short term needs. Some large volume deals are being offered, but attracting little interest. Production of human food, nonfat dry milk during December 1998 totaled 104.7 million pounds, up 2.6% from December 1997 and up 49.5% from November 1998. Month ending stocks, at 56.3 million pounds, are 45.6% below a year ago but 35.4 % more than last month.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0500 - 1.1000 MOSTLY: 1.0600 - 1.0700

HIGH HEAT: 1.0800 - 1.1700 MOSTLY: 1.0900 - 1.1100

DELVD SOUTHEAST:

ALL HEATS: 1.0700 - 1.1600

DRY BUTTERMILK NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is as weak as many contacts have ever seen it. Production is moderate to heavy and plant stocks are accumulating. Demand is very slow. Dry buttermilk production during December 1998 totaled 4.7 million pounds, up 3.8% from December 1997 and 25.2% higher than November 1998. Month ending stocks, at 4.0 million pounds, are 11.6% more than a year ago and 14.4% more than last month.

F.O.B. NORTHEAST: .7500 - .7950

DELVD SOUTHEAST: .7700 - .8050

DRY WHOLE MILK - NATIONAL

Prices are mixed, mostly steady to higher. The market tone is sluggish. Production is often limited to making enough to meet orders. Spot demand is slow. Some new DEIP bids have recently been accepted. Dry whole milk production during December 1998 totaled 9.6 million pounds, down 6.7% from December 1997 and 12.0% below November 1998. Month ending stocks, at 5.2 million pounds, are 7.9% below a year ago but 1.1% more than last month.

F.O.B. PRODUCING PLANT: 1.2500 - 1.7300

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH FEBRUARY 5, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	71,514 MT (157,659,763 LBS)
CHANGE	--	1,499 MT (3,304,695 LBS)
WHOLE MILK POWDER	--	4,236 MT (9,338,686 LBS)
CHANGE	--	580 MT (1,278,668 LBS)
CHEESE	--	2,997 MT (6,607,186 LBS)
BUTTERFAT	--	0 MT
REALLOCATED NDM	--	25,667 MT (56,585,468 LBS)
CHANGE	--	88 MT (194,005 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:
Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;
Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and the market tone seems steadier. There are signs of prices holding at current levels. More producers are in a better supply/demand relationship, but others do have growing inventories and would like to move more product. Demand is steady and generally for immediate or short term needs. Production of human food, dry whey during December 1998 totaled 93.1 million pounds, 2.5% less than December 1997 but 10.0% more than November 1998. Month ending stocks, at 44.6 million pounds, are 37.2% above a year ago and 32.4% higher than a month ago.

F.O.B. NORTHEAST: EXTRA GRADE .1800 - .1900

USPH GRADE A .1900 - .2100

DELVD SOUTHEAST: .2100 - .2250

ANIMAL FEED WHEY - NORTHEAST

Prices are still too few to report. Offerings of animal feed quality whey powder are more than ample for current needs. Demand for finished feed is slow from most sectors of the industry. Production of animal feed, dry whey during December totaled 6.8 million pounds, 23.1% higher than a year ago and 6.5% more than November 1998.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production is moderate as some producers wait for lower milk prices to increase their output. Demand is slow to fair and centered on replacement needs. Canned evaporated milk production during December 1998 totaled 36.0 million pounds, 23.3% less than December 1997 and 24.0% less than November 1998. Month ending stocks, at 35.8 million pounds, are 14.1% more than a year ago and 3.0% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices and the market undertone remain weak. Stocks are readily available to meet current buying interest. Spot demand is slow as many buyers have more than enough casein on hand to meet their needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9000 - 2.0500

ACID: 1.9000 - 2.0000

JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 1999 advanced 1 point to 114. Compared with January 1998, the index was down 3 points (2.6 percent). The index of prices received by farmers for dairy products declined 2 points during the month of January 1999 to 136. Compared with January 1998, the index was up 23 points (20.4 percent).

On a 3.5 percent butterfat basis, prices received by farmers in January with changes from December were: for All Milk, \$17.33 per hundredweight (cwt.), down 30 cents; for Fluid Grade Milk, \$17.43 per cwt., down 20 cents; and for Manufacturing Grade Milk, \$15.55 per cwt., down \$1.24.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 1999 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	DECEMBER		JANUARY		JANUARY		JANUARY		JANUARY	
	1998	1997 <u>2/</u>	1999 <u>4/</u>	1998 <u>2/</u>	1999	1998	1999 <u>7/</u>	1998 <u>8/</u>	1999	1998
CA	16.63	13.54	16.00	13.57	1,340	1,220	33.00	32.50	79.00	121.00
ID	17.50	13.17	17.18	13.25	1,270	1,100	32.30	31.80	80.00	105.00
MI	17.28	14.35	18.30	14.43	1,300	1,080	33.00	34.70	85.00	108.00
MN	18.58	14.51	14.93	14.64	1,190	990	34.50	33.00	64.00	89.00
NY	17.68	14.46	18.28	14.25	1,150	980	---	---	101.00	101.00
OH	17.71	14.26	18.16	14.46	1,200	1,030	34.00	32.60	106.00	133.00
PA	17.93	15.26	18.84	15.14	1,320	1,030	33.70	34.20	117.00	148.00
TX	17.92	15.13	17.83	15.13	1,280	1,070	31.70	33.70	72.00	66.00
WA	16.94	13.97	16.86	13.88	1,270	1,150	---	---	103.00	121.00
WI	18.51	14.46	16.91	14.35	1,260	1,030	34.90	35.40	70.00	97.00
U.S.	17.63	14.41	17.33	14.38	1,250	1,070	33.10	34.50	78.80	98.10

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 1999 WITH COMPARISONS 1/

ITEM	JANUARY 1998	DECEMBER 1998 <u>2/</u>	JANUARY 1999 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	14.38	17.63	17.33
Fluid grade milk Dol. per cwt.	14.38	17.63	17.43
Manufacturing grade milk Dol. per cwt.	13.07	16.82	15.55
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	113	138	136
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	117	113	114
PARITY PRICE for all milk Dol. per cwt.	29.30	29.10	30.00
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.63	26.45	27.33
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.77	4.27	4.22

1/ Parity prices are based on data for the current month. Parity price equivalent during 1999 is 91.1% of the parity price of all milk sold to plants, compared with 90.9 percent in 1998. 2/ Partially revised. 3/ Preliminary. 4/ Reporting change; the feed price measure used to compute the previous data series has been discontinued. For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (1/99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

DECEMBER 1998 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 101.7 million pounds in December, 4.1 percent below December 1997 but 16.6 percent above November 1998. **AMERICAN TYPE CHEESE** production totaled 297.6 million pounds, 6.8 percent above December 1997 and 10.4 percent above November 1998. **TOTAL CHEESE** output (excluding cottage cheese) was 667.6 million pounds, 6.3 percent above December 1997 and 5.2 percent above November 1998. **NONFAT DRY MILK** production, for human food, totaled 104.7 million pounds, 2.6 percent above December 1997 and 49.5 percent above November 1998. **DRY WHEY** production, for human food, was 93.1 million pounds, 2.5 percent below December 1997 but 10.0 percent above November 1998. **ICE CREAM** (hard) production totaled 55.2 million gallons, 2.3 percent above December 1997 and 7.6 percent above November 1998.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	DEC 1998	PERCENT CHANGE FROM:			PRODUCT	DEC 1998	PERCENT CHANGE FROM:		
	1,000 LBS.	DEC 1997	NOV 1998	YEAR TO DATE 1/		1,000 LBS.	DEC 1997	NOV 1998	YEAR TO DATE 1/
BUTTER	101,661	-4.1	16.6	-8.5	DRY BUTTERMILK	4,650	3.8	25.2	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	111,147	-3.6	-1.8	---
AMERICAN TYPES 2/	* 297,613	6.8	10.4	0.6	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	238,107	6.4	11.6	-0.3	SWEET-TYPE, HUMAN FOOD	5,088	-48.1	20.7	---
SWISS	17,694	-4.8	7.3	---	SWEET-TYPE, ANIMAL FEED	1,398	-38.2	15.3	---
BRICK & MUENSTER	8,093	-12.0	7.9	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	58,758	10.3	-2.6	---	DRY WHEY, HUMAN FOOD	93,137	-2.5	10.0	---
BLUE	3,469	4.4	-3.0	---	DRY WHEY, ANIMAL FEED	6,809	23.1	6.5	---
HISPANIC	6,402	5.5	-1.9	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	210,018	11.0	2.5	5.2	HUMAN FOOD	6,807	37.5	5.0	---
OTHER ITALIAN TYPES	55,374	-5.8	-0.2	-0.1	ANIMAL FEED	2,789	16.4	12.7	---
TOTAL ITALIAN TYPES	265,392	7.0	1.9	4.0	LACTOSE, HUMAN FOOD & ANIMAL FEED	39,228	15.1	-0.3	---
ALL OTHER TYPES 3/	10,185	-5.6	-0.4	---	WHEY PROTEIN CONCENTRATE				
TOTAL	667,606	6.3	5.2	2.1	HUMAN FOOD	24,357	16.3	13.4	---
COTTAGE CHEESE, CURD 4/	34,586	-1.3	-3.7	---	ANIMAL FEED	3,585	1.9	2.4	---
COTTAGE CHEESE, CREAMED 5/	28,780	4.5	2.0	1.5	FROZEN PRODUCTS		1,000 GALLONS	PERCENT CHANGE FROM:	
COTTAGE CHEESE, LOWFAT 6/	27,018	5.5	-2.7	2.7	ICE CREAM (HARD)	55,167	2.3	7.6	0.7
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	7,224	13.0	7.9	---
WHOLE MILK	36,049	-23.3	-24.0	---	ICE CREAM, LOWFAT (SOFT)	16,336	-5.1	6.9	---
DRY WHOLE MILK	9,576	-6.7	-12.0	---	ICE CREAM, LOWFAT (TOTAL)	23,560	-0.2	7.2	-3.7
NONFAT DRY MILK, HUMAN FOOD	7/ 104,671	2.6	49.5	-7.9	SHERBET (HARD)	3,345	8.1	10.2	-0.3
DRY SKIM MILK, ANIMAL FEED	333	-2.1	24.7	---	YOGURT	5,901	26.0	-3.3	-4.3

MANUFACTURERS' STOCKS, END OF MONTH 9/

PRODUCT	DEC 1998	PERCENT OF:		PRODUCT	DEC 1998	PERCENT OF:	
	1,000 LBS.	DEC 1997	NOV 1998		1,000 LBS.	DEC 1997	NOV 1998
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	44,590	37.2	32.4	HUMAN FOOD	16,049	40.2	18.1
DRY WHEY, ANIMAL FEED	4,835	140.0	2.0	ANIMAL FEED	1,548	66.6	-41.1
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 10/	9,856	8.6	-5.6	CANNED EVAPORATED & CONDENSED WHOLE MILK	35,818	14.1	3.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	27,053	29.3	-0.8	DRY WHOLE MILK	5,161	-7.9	1.1
DRY BUTTERMILK, TOTAL	3,984	11.6	14.4	NONFAT DRY MILK FOR HUMAN FOOD	56,255	-45.6	35.4
				DRY SKIM MILK FOR ANIMAL FEED	1,074	35.8	-0.2

1/ 1998 cumulative as percent change of 1997 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include part skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 2,337,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Stocks held by manufacturers at all points and in transit. 10/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 135,104,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (2-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for January 1999 is \$16.27 per hundredweight at 3.5 percent butterfat. The January Basic Formula Price is the December base month Minnesota-Wisconsin (M-W) price of \$17.35 at 3.5 percent minus a change of \$1.08, which is the change in the butter/powder/cheese formula from December 1998 to January 1999. The January 1999 Basic Formula Price is \$1.07 less than last month and \$3.02 more than the January 1998 Basic Formula Price. This Basic Formula Price is the Class III price for January 1999 and is to be used in March 1999 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 13.7 cents. **MILK COMPONENT CONTENTS.** For the December 1998 base month M-W price, the butterfat content was 3.93 percent, protein 3.30 percent, and solids-not-fat 8.66 percent. For the January 1999 Basic Formula Price, the butterfat content was 3.88 percent, protein 3.26 percent, and solids-not-fat 8.64 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	20.08	16.20	17.14	13.26	16.30	13.28	13.15	12.07	20.58	16.53	17.64	19.51	16.57
New York/New Jersey (NY City)	2 4/	19.98	16.10	17.22	13.34	16.38	13.36	13.23	12.15	20.48	16.43	17.72	19.41	16.65
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	19.87	15.99	17.14	13.26	16.32	13.30	13.17	12.09	20.37	16.32	17.64	19.30	16.57
Carolina (Charlotte)	5	19.92	16.04	17.14	13.26	16.27	13.25	13.12	12.04	20.42	16.37	17.64	19.35	16.57
Southeast (Atlanta/Birmingham)	7	19.92	16.04	17.14	13.26	16.27	13.25	13.12	12.04	20.42	16.37	17.64	19.35	16.57
Upper Florida (Jacksonville/Tallahassee)	6	20.42	16.54	17.14	13.26	16.27	13.25	---	---	20.92	16.87	17.64	19.85	16.57
Tampa Bay	12	20.72	16.84	17.14	13.26	16.27	13.25	---	---	21.22	17.17	17.64	20.15	16.57
Southeastern Florida (Miami)	13	21.02	17.14	17.14	13.26	16.27	13.25	---	---	21.52	17.47	17.64	20.45	16.57
Michigan Upper Peninsula (Marquette)	44	18.19	14.31	17.14	13.26	16.27	13.25	13.12	12.04	18.69	14.64	17.64	17.62	16.57
Southern Michigan (Detroit)	40 6/	18.59	14.71	17.14	13.26	16.27	13.25	13.12	12.04	19.09	15.04	17.64	18.02	16.57
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	18.84	14.96	17.14	13.26	16.27	13.25	13.12	12.04	19.34	15.29	17.64	18.27	16.57
Ohio Valley (Columbus)	33	18.88	15.00	17.14	13.26	16.27	13.25	13.12	12.04	19.38	15.33	17.64	18.31	16.57

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JANUARY								FEBRUARY			MARCH	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	18.74	14.86	17.14	13.26	16.27	13.25	13.12	12.04	19.24	15.19	17.64	18.17	16.57
Chicago Regional	30	18.24	14.36	17.14	13.26	16.27	13.25	13.12	12.04	18.74	14.69	17.64	17.67	16.57
Central Illinois (Peoria)	50	18.45	14.57	17.14	13.26	16.27	13.25	---	---	18.95	14.90	17.64	17.88	16.57
S. Illinois/E. Missouri (Alton)	32	18.76	14.88	17.14	13.26	16.27	13.25	---	---	19.26	15.21	17.64	18.19	16.57
Louisville/Lexington/Evansville	46	18.95	15.07	17.14	13.26	16.27	13.25	13.12	12.04	19.45	15.40	17.64	18.38	16.57
Upper Midwest (Minneapolis)	68	18.04	14.16	17.14	13.26	16.27	13.25	13.12	12.04	18.54	14.49	17.64	17.47	16.57
E. South Dakota (Sioux Falls)	76	18.34	14.46	17.14	13.26	16.27	13.25	---	---	18.84	14.79	17.64	17.77	16.57
Iowa (Des Moines)	79	18.39	14.51	17.14	13.26	16.27	13.25	13.12	12.04	18.89	14.84	17.64	17.82	16.57
Nebraska/W. IA. (Omaha/Sioux City)	65	18.59	14.71	17.14	13.26	16.27	13.25	13.12	12.04	19.09	15.04	17.64	18.02	16.57
Greater Kansas City	64	18.76	14.88	17.14	13.26	16.27	13.25	---	---	19.26	15.21	17.64	18.19	16.57
Southwest Plains (Oklahoma City)	106	19.61	15.73	17.14	13.26	16.27	13.25	13.12	12.04	20.11	16.06	17.64	19.04	16.57
Texas (Dallas)	126	20.00	16.12	17.14	13.26	16.27	13.25	13.12	12.04	20.50	16.45	17.64	19.43	16.57
Eastern Colorado (Denver)	137	19.57	15.69	17.14	13.26	16.27	13.25	---	---	20.07	16.02	17.64	19.00	16.57
Western Colorado (Grand Junction)	134	18.84	14.96	17.14	13.26	16.27	13.25	---	---	19.34	15.29	17.64	18.27	16.57
SW Idaho/Eastern Oregon (Boise)	135	18.34	14.46	17.14	13.26	16.27	13.25	13.14	11.91	18.84	14.79	17.64	17.77	16.57
Great Basin (Salt Lake City)	139	18.74	14.86	17.14	13.26	16.27	13.25	---	---	19.24	15.19	17.64	18.17	16.57
Central Arizona (Phoenix)	131	19.36	15.48	17.14	13.26	16.27	13.25	13.14	11.91	19.86	15.81	17.64	18.79	16.57
New Mexico/West Texas (Albuquerque)	138	19.19	15.31	17.14	13.26	16.27	13.25	13.12	12.04	19.69	15.64	17.64	18.62	16.57
Pacific Northwest (Seattle/Portland)	124	18.74	14.86	17.14	13.26	16.27	13.25	13.14	11.91	19.24	15.19	17.64	18.17	16.57
SIMPLE AVERAGE	---	19.16	15.28	17.14	13.26	16.28	13.26	13.13	12.03	19.66	15.61	17.64	18.59	16.57

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in March 1999 is \$19.51 per 100 pounds or \$1.68 per gallon (\$19.51 divided by 11.63 equals \$1.6776).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	FEB 1997			FEB 1998			JAN 1999			FEB 1999		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.42	16.53	2.11	16.37	17.57	1.20	19.92	21.07	1.15	20.42	21.57	1.15
Baltimore, MD	14.37	15.42	1.05	16.32	17.77	1.45	19.87	20.62	0.75	20.37	21.12	0.75
Boston, MA	14.58	15.71	1.13	16.53	17.16	0.63	20.08	20.56	0.48	20.58*	21.06	0.48
Carbondale, IL	13.35	15.77	2.42	15.30	17.16	1.86	18.85	20.21	1.36	19.35	20.71	1.36
Charlotte, NC	14.42	17.26	2.84	16.37	17.57	1.20	19.92	21.07	1.15	20.42	21.57	1.15
Chicago, IL	12.74	15.17	2.43	14.69	16.68	1.99	18.24	20.17	1.93	18.74	20.67	1.93
Cincinnati, OH	13.45	14.95	1.50	15.40	17.15	1.75	18.95	20.70	1.75	19.45	21.20	1.75
Cleveland, OH	13.34	14.64	1.30	15.29	17.04	1.75	18.84	20.34	1.50	19.34	20.84	1.50
Dallas, TX	14.50	15.39	0.89	16.45	16.70	0.25	20.00	20.25	0.25	20.50	20.75	0.25
Denver, CO	14.07	14.22	0.15	16.02	16.17	0.15	19.57	19.82	0.25	20.07	20.32	0.25
Des Moines, IA	12.89	15.01	2.12	14.84	16.23	1.39	18.39	19.24	0.85	18.89	19.74	0.85
Detroit, MI	13.19	14.54	1.35	15.14	16.13	0.99	18.69	19.61	0.92	19.19	20.19	1.00
Hartford, CT	14.48	15.61	1.13	16.43	17.06	0.63	19.98	20.46	0.48	20.48*	20.96	0.48
Houston, TX	15.04	15.93	0.89	16.99	17.24	0.25	20.54	20.79	0.25	21.04	21.29	0.25
Indianapolis, IN	13.24	14.96	1.72	15.19	17.03	1.84	18.74	20.29	1.55	19.24	20.79	1.55
Kansas City, MO	13.26	15.03	1.77	15.21	16.55	1.34	18.76	19.51	0.75	19.26	20.01	0.75
Louisville, KY	14.11	14.90	0.79	16.06	17.06	1.00	18.95	20.05	1.10	19.45	20.55	1.10
Memphis, TN 2/	13.45	14.70	1.25	15.40	16.30	0.90	19.61	20.41	0.80	20.11	20.91	0.80
Miami, FL	15.52	19.26	3.74	17.47	19.89	2.42	21.02	23.39	2.37	21.52	23.89	2.37
Milwaukee, WI	12.65	15.08	2.43	14.60	16.59	1.99	18.15	20.08	1.93	18.65	20.58	1.93
Minneapolis, MN	12.54	14.63	2.09	14.49	15.82	1.33	18.04	18.87	0.83	18.54	19.37	0.83
New Orleans, LA	14.99	16.38	1.39	16.94	17.94	1.00	20.49	20.94	0.45	20.99	21.44	0.45
Oklahoma City, OK	14.11	15.00	0.89	16.06	16.81	0.75	19.61	20.36	0.75	20.11	20.86	0.75
Omaha, NE	13.09	14.86	1.77	15.04	16.38	1.34	18.59	19.34	0.75	19.09	19.84	0.75
Philadelphia, PA	14.43	15.43	1.00	16.38	17.80	1.42	19.93	20.65	0.72	20.43	21.15	0.72
Phoenix, AZ	13.86	13.86	0.00	15.81	15.81	0.00	19.36	19.36	0.00	19.86	19.86	0.00
Pittsburgh, PA	13.34	14.14	0.80	15.29	16.49	1.20	18.84	19.34	0.50	19.34	19.84	0.50
St. Louis, MO	13.35	15.77	2.42	15.30	17.16	1.86	18.85	20.21	1.36	19.35	20.71	1.36
Salt Lake City, UT	13.24	13.39	0.15	15.19	15.34	0.15	18.74	18.99	0.25	19.24	19.49	0.25
Seattle, WA	13.24	13.54	0.30	15.19	15.59	0.40	18.74	19.12	0.38	19.24	19.62	0.38
Spokane, WA	13.24	13.54	0.30	15.19	15.59	0.40	18.74	19.12	0.38	19.24	19.62	0.38
Springfield, MO	13.53	14.48	0.95	15.48	16.48	1.00	19.03	19.78	0.75	19.53	20.28	0.75
Washington, DC	14.37	15.42	1.05	16.32	17.77	1.45	19.87	20.62	0.75	20.37	21.12	0.75
Simple Average	13.77	15.17	1.40	15.72	16.85	1.13	19.27	20.16	0.89	19.77	20.66	0.89

*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July 1997 to date. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. 2/ New reporting site effective January 1999; data for Little Rock, AR, are no longer available. Figures shown for periods prior to January 1999 are for Little Rock. Little Rock and Memphis are in the same Federal milk order and cooperative pricing zones.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

The 1998/99 milk supply and use forecasts are little changed from last month. Milk price forecasts for 1998/99 are lowered slightly to reflect the impact of expected product price changes. Milk production prior to 1998 is adjusted to reflect historical revisions in cow numbers and milk production released by the National Agricultural Statistics Service on January 19.

U.S. MILK SUPPLY AND USE

Item	1996/97	1997/98 Projection 1/		1998/99 Projection 1/		
	1/	January	February	January	February	
SUPPLY	BILLION POUNDS					
BEGINNING COMMERCIAL STOCKS 2/ 23/	4.9	5.9	5.9	5.8	5.8	
PRODUCTION	155.9	157.0	156.9	159.9	159.9	
FARM USE	1.4	1.4	1.4	1.3	1.3	
MARKETINGS	154.5	155.6	155.5	158.6	158.6	
IMPORTS 2/	2.8	4.0	4.0	3.8	3.8	
TOTAL COMMERCIAL SUPPLY 2/	162.2	165.6	165.5	168.1	168.1	
USE						
COMMERCIAL USE 2/ 3/	155.6	159.1	159.0	162.0	162.0	
ENDING COMMERCIAL STOCKS 2/	5.9	5.8	5.8	5.8	5.8	
CCC NET REMOVALS:						
MILKFAT BASIS 4/	0.7	0.7	0.7	0.3	0.3	
SKIM SOLIDS BASIS 4/	2.7	4.5	4.5	3.5	3.3	
DOLLARS PER CWT.						
PRICES RECEIVED BY FARMERS 5/						
BASIC FORMULA (BFP)	11.88	13.28	13.28	13.45-13.95	13.35-13.85	
ALL MILK 6/	13.53	14.56	14.56	15.15-15.65	14.95-15.45	
MILLION POUNDS						
CCC PRODUCT NET REMOVALS 4/						
BUTTER	24	21	21	5	5	
CHEESE	10	8	8	7	7	
NONFAT DRY MILK	222	368	368	285	275	
	QUARTERLY 7/			ANNUAL 7/		
	1999 I	1999 II	1999 III	1998	1999	
	BILLION POUNDS					
	MILK PRODUCTION	39.9	41.5	39.5	157.9	160.6
	DOLLARS PER CWT.					
ALL MILK PRICE 4/ 5/	16.55-16.85	13.00-13.60	12.55-13.45	15.38	14.05-14.75	
BASIC FORMULA PRICE 4/	13.60-13.90	11.55-12.15	11.55-12.45	14.20	12.25-12.95	

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-347, World Agricultural Outlook Board, USDA, February 10, 1999.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
NOVEMBER 1998, WITH COMPARISONS**

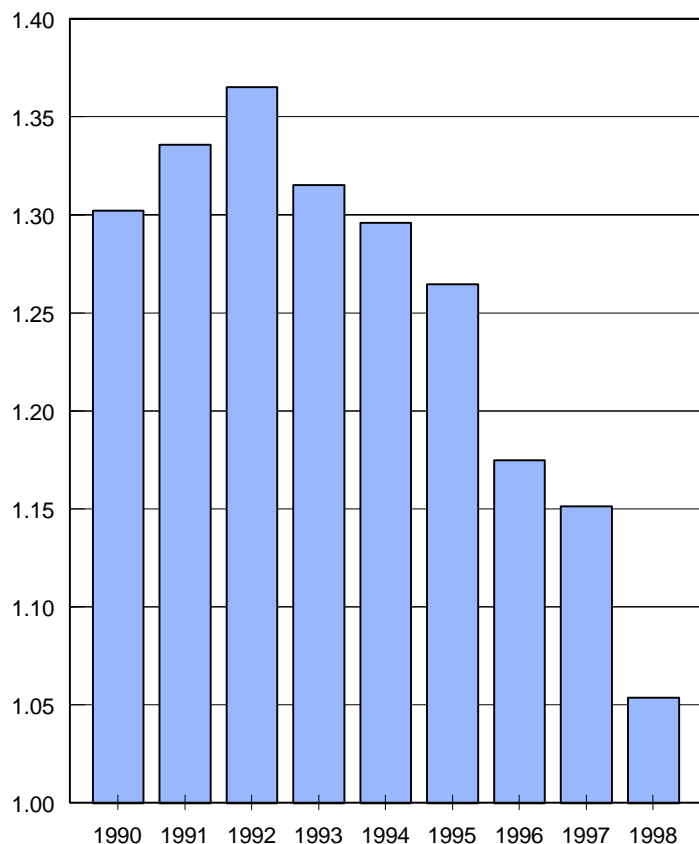
In November 1998, mailbox milk prices reported for selected Federal milk orders averaged \$17.47 per cwt., \$.28 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$16.97, up \$.09; Southeast, \$17.90, up \$.23; Midwest, \$17.90, up \$.39 and West, \$16.66 up \$.06. Compared to November 1997, mailbox milk prices increased \$2.96 per cwt. on the average. Regional changes from the previous year were: +\$2.59 in the Northeast, +\$2.28 in the Southeast, +\$3.26 in the Midwest, and +\$2.86 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 1997	October 1998	November 1998
	<u>Dollars per hundredweight</u>		
New England	14.51	16.66	16.66
New York-New Jersey	14.21	16.90	17.13
Middle Atlantic	14.62	17.12	17.09
Northeast Average <u>3/</u>	14.38	16.88	16.97
Carolina	15.43	17.78	17.88
Southeast	14.80	16.98	17.26
Florida <u>4/</u>	17.36	18.99	19.18
Southeast Average <u>3/</u>	15.62	17.67	17.90
Southern Michigan	14.48	16.88*	17.19
Eastern Ohio-Western Pa.	14.58	17.33	17.33
Ohio Valley	14.67	17.25	17.25
Indiana	14.59	17.06	17.22
Chicago Regional <u>5/</u>	14.76	17.79	18.21
S. Illinois-E. Missouri	14.47	16.19	16.89
Louis.-Lex.-Evans.	14.52	16.91	17.09
Upper Midwest <u>5/</u>	14.57	17.79	18.33
Nebraska-Western Iowa	14.56	16.84	17.52
Iowa	14.65	17.52	17.98
Midwest Average <u>3/</u>	14.64	17.51*	17.90
Texas	14.52	16.83	17.07
Southwest Plains	13.75	16.26	16.53
Eastern Colorado	13.33	16.65	16.93
S.W. Idaho-E. Oregon	13.38	16.43	16.86
Great Basin	12.88	16.04	16.69
New Mexico-West Texas	13.39	15.98	16.28
Pacific Northwest	13.87	16.97	16.43
West Average <u>3/</u>	13.80	16.60	16.66
All-Market Average <u>3/</u>	14.51	17.19*	17.47

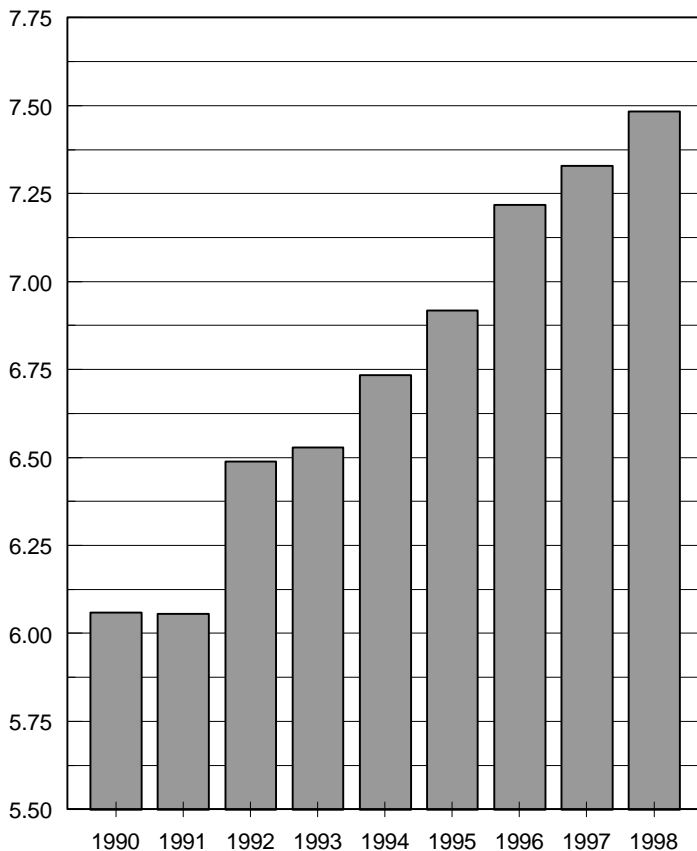
* Revised

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

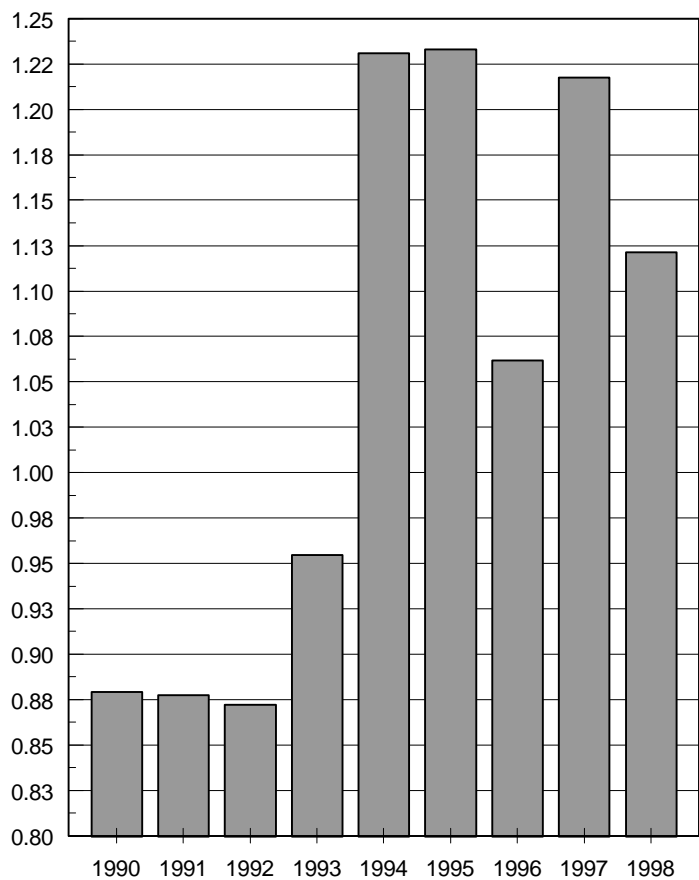
ANNUAL BUTTER PRODUCTION
BILLION POUNDS



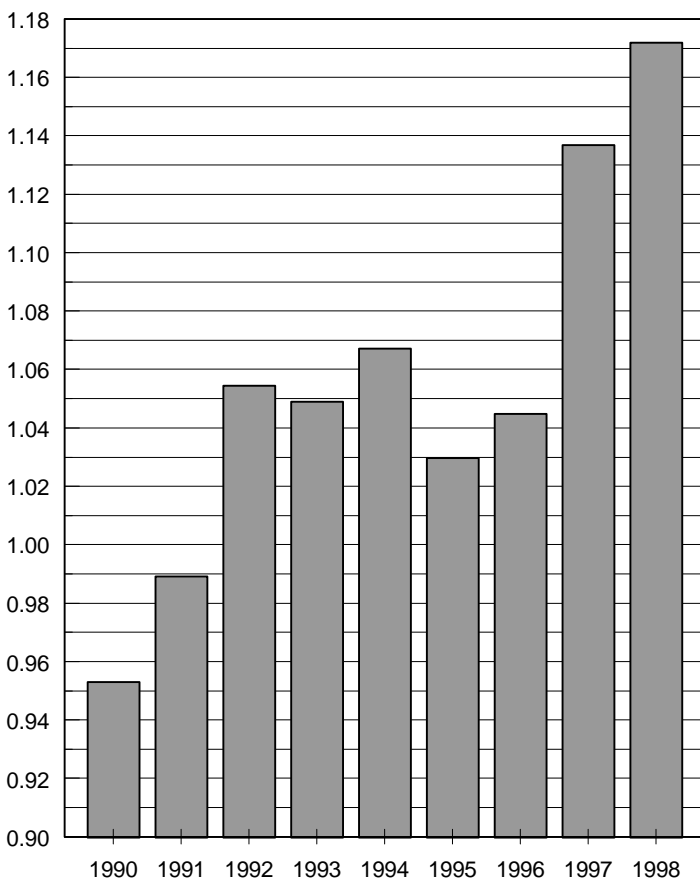
ANNUAL TOTAL CHEESE PRODUCTION
BILLION POUNDS



ANNUAL NDM PRODUCTION
BILLION POUNDS



ANNUAL WHEY PRODUCTION
BILLION POUNDS



CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF FEBRUARY 8 - 12, 1999				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
TOTAL		CONTRACT	ADJUSTED	SINCE		SAME PERIOD		PERIOD ENDING		SAME PERIOD	
PURCHASES	ADJUSTMENTS		PURCHASES	10/01/98	LAST YEAR			02/05/99	LAST YEAR		
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	2,218,651	-0-	2,218,651	4,147,228	28,465,514			-0-		-0-	
Fortified	-0-	-0-	-0-	-0-	-0-			-0-		-0-	
TOTAL	2,218,651	-0-	2,218,651	4,147,228	28,465,514			-0-		-0-	

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF FEBRUARY 8 - 12, 1999 =	0.5	25.8	COMPARABLE WEEK IN 1998 =	0.7	34.5
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.9	48.3	CUMULATIVE SAME PERIOD LAST YEAR =	6.3	331.3
CUMULATIVE JANUARY 1 - FEBRUARY 12, 1999 =	0.9	47.1	COMPARABLE CALENDAR YEAR 1998 =	4.5	239.9

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT			
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	4,147,228	28,355,339	100.0	99.6	99.6
EAST	-0-	-0-	-0-	-0-	-0-	110,175	0.0	0.4	0.4
TOTAL	-0-	-0-	-0-	-0-	4,147,228	28,465,514	100.0	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800
CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925
NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/23/99 & Comparable Week 1998 1/ 2/																												
Regions*										U.S. TOTAL : % DAIRY OF ALL																		
	:	1	:	2	:	3	:	4	:	5	:	6	:	7	:	8	:	9	:	10	:	WEEK :SINCE JAN 1:	WEEK : SINCE JAN 1					
1999-Dairy cows HD (000)	:	0.3	:	1.0	:	7.7	:	5.7	:	23.8	:	2.6	:	2.7	:	0.6	:	9.5	:	2.8	:	56.6	:	208.1	:	46.2	:	45.2
1998-Dairy cows HD (000)	:	0.3	:	1.5	:	7.5	:	6.4	:	23.6	:	4.0	:	3.1	:	0.8	:	11.7	:	3.5	:	62.5	:	241.1	:	49.0	:	47.9
1999-All cows HD (000)	:	0.3	:	1.1	:	10.5	:	16.3	:	33.4	:	18.7	:	17.9	:	5.0	:	11.6	:	7.6	:	122.4	:	460.8	:		:	
1998-All cows HD (000)	:	0.3	:	1.6	:	10.3	:	16.4	:	33.8	:	18.8	:	19.0	:	6.3	:	13.5	:	7.7	:	127.6	:	503.4	:		:	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS 2/11

	APRIL DELIVERY	MAY DELIVERY	MAY/JUNE DELIVERY
PROCESS			
MOZZARELLA	1,900,800	1,504,800	1,029,600
LMPS	604,800	120,960	1,088,640
CHEDDAR			
BARRELS	80,000		

OFFERS ARE DUE FEBRUARY 22. PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. FEBRUARY 25.

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 38,756,911

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
16.27												

1999